

KINGFISHER COUNTY CONSERVATION DISTRICT
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

KINGFISHER COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2022

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Independent Auditor's Report

Board of Directors
Kingfisher County Conservation District

Opinion

We have audited the accompanying financial statements of Kingfisher County Conservation District which comprise the statement of net position as of June 30, 2022 and the related statements of revenues and expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Kingfisher County Conservation District as of June 30, 2022 and the changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kingfisher County Conservation District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kingfisher County Conservation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kingfisher County Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kingfisher County Conservation District's ability to continue as a going concern for a reasonable period of time.

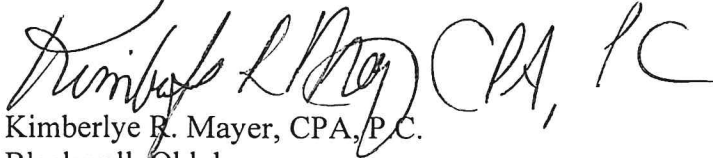
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Kingfisher County Conservation District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basis financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2022 on our consideration of Kingfisher County Conservation District's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Kingfisher County Conservation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kingfisher County Conservation District's internal control over financial reporting and compliance.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
December 1, 2022

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Kingfisher County Conservation District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Kingfisher County Conservation District as of and for the year ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated December 1, 2022.

Report Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kingfisher County Conservation District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kingfisher County Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kingfisher County Conservation District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2022-1, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingfisher County Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Kingfisher County Conservation District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Kingfisher County Conservation District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Kingfisher County Conservation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Kimberley R. Mayer, CPA, P.C.", written over the printed name.

Kimberly R. Mayer, CPA, P.C.
Blackwell, Oklahoma
December 1, 2022

KINGFISHER COUNTY CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022

Material Weakness Communicated in a Prior Year:

Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:

Criteria:

The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition:

An adequate internal control structure does not exist because of the small size of the District.

Cause:

The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect:

Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation:

The board should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Board's Response:

The board has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

FINANCIAL STATEMENTS
AND
NOTES

KINGFISHER COUNTY CONSERVATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 229,300
Certificate of deposit	
Claims receivable (Note 4)	12,154
Cost share receivable (Note 4)	15,516
Prepaid insurance	5,621
Total Current Assets	<u>262,591</u>

Property and equipment (Note 5) (net of accumulated depreciation)	<u>158,691</u>
Total Assets	<u><u>\$ 421,282</u></u>

LIABILITIES AND NET POSITION

Liabilities:

\$

Current Liabilities:

Payroll taxes due	2,358
Compensated balances (Note 9)	14,201
Total Liabilities	<u>16,559</u>

Net Position:

Net investment in capital assets	158,691
Unrestricted	246,032
Total Net Position	<u>404,723</u>
Total Liabilities and Net Position	<u><u>\$ 421,282</u></u>

KINGFISHER COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

Operating Revenues:	
OCC reimbursements	\$ 93,681
Cost share received	19,248
Plat book income	640
Seed sales	444
Building rent	74,151
Other income	1,504
Total Operating Revenues	<u>189,668</u>
Expenses:	
Personnel costs	98,588
Office supplies and postage	1,002
Cost share paid	19,248
Conservation education	2,056
Watershed maintenance	4,750
Mileage, meetings and travel	1,094
Building supplies and maintenance	14,833
Seed costs	200
Plat book costs	420
Insurance and bond	6,996
Utilities and telephone	8,258
Depreciation	7,770
Director fees	1,049
Dues, advertising and promotion	195
Other expenses	1,572
Total Operating Expenses	<u>168,031</u>
Income (Loss) From Operations	21,637
Nonoperating Revenue (Expense):	
Interest income	0
Total Nonoperating Revenue	<u>2,507</u>
Revenues Over (Under) expenses	21,637
Net Position, beginning of year	383,086
Net Position, end of year	<u><u>\$ 404,723</u></u>

The accompanying report and notes are an integral part of these financial statements.

KINGFISHER COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

Cash flows From Operating Activities:	
Cash received from customers	\$ 82,336
Other operating cash receipts	87,810
Cash payments to suppliers for goods and services	(71,706)
Cash payments to employees	(86,733)
Net Cash Provided (Used) By Operating Activities	<u>11,707</u>
Cash Flows From Capital and Financing Activities:	
Acquisition and construction of capital assets	(50,889)
Gain on sale of equipment	
Net Cash Provided (Used) by Financing Activities	<u>(50,889)</u>
Cash Flows From Investing Activities:	
Interest income	
(Increase) decrease in certificates of deposit	
Net Cash Provided (Used) by Investing Activities	<u>0</u>
Net increase (decrease) in cash and cash equivalents	(39,182)
Beginning cash and cash equivalents	<u>268,482</u>
Ending cash and cash equivalents	<u><u>\$ 229,300</u></u>
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 21,637
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	7,770
Changes in assets and liabilities:	
(Increase) decrease in receivables	(19,522)
(Increase) decrease in prepaids	80
(Decrease) increase in payables	1,742
Net cash provided (used) by operating activities	<u><u>\$ 11,707</u></u>

The accompanying report and notes are an integral part of these financial statements.

KINGFISHER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Kingfisher County Conservation District was created under Title 27A, sections 3-1-101 through 3-3-410, as amended, of the Oklahoma Statutes. The purpose of the District is to provide for the conservation of the renewable natural resources in the area for which the District is responsible.

Basis of Accounting

The District maintains its records and prepares its financial statements on the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investments in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The District considers all checking and savings accounts and deposits with a maturity of three months or less to be cash equivalents.

NOTE 3 – OCC REIMBURSEMENTS:

The District is reimbursed by the Oklahoma Conservation Commission for salaries, payroll taxes, mileage, telephone charges, office supplies and certain other office expenses up to their allocated amount. Such reimbursements are recognized as revenue when received.

NOTE 4 - RECEIVABLES:

At June 30, 2022, the District had the following amounts due from the Oklahoma Conservation Commission:

June 2022 claims	\$	12,154
Cost share paid out in June	\$	15,516

KINGFISHER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 5 - PROPERTY AND EQUIPMENT:

In the fiscal year ending June 30, 2012, the District completed the purchase of a building. The building was acquired at the loan balance of \$40,000. In the fiscal year ending June 30, 2013 the District approved increasing the value recorded in the financial statements of the building to better reflect the fair value of the property.

Total depreciation for the year ended June 30, 2022 was \$7,770. The following is a schedule of property and equipment and the related accumulated depreciation at June 30, 2022.

	6/30/21	Additions	6/30/22
Buildings	\$ 153,027	\$ 8,890	\$ 161,917
Equipment	1,499	42,000	43,499
	<u>154,526</u>		<u>205,416</u>
Less accumulated depreciation	(38,955)	(7,770)	(46,725)
Net	<u>\$ 115,571</u>	<u>\$ (7,770)</u>	<u>\$ 158,691</u>

NOTE 6 - RETIREMENT PLAN:

Oklahoma public employees who work 1,599 hours or more per year were enrolled in the Oklahoma Public Employees Retirement System. On salaries paid from reimbursable funds from the Oklahoma Conservation Commission, the employer's 16 1/2% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3 1/2% of locally earned wages and 3 1/2% of state reimbursable wages.

NOTE 7 - INVESTMENTS:

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; or county, municipal or school district bonds.

NOTE 8 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

KINGFISHER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 9 – COMPENSATED ABSENCES:

District employees are entitled to vacation and sick leave benefits in varying amounts based on their length of employment. Employees can accumulate earned but unused absences to specified maximum amounts. At June 30, 2022 the District had a balance of \$14,201 of accrued unused absences.

NOTE 10 – RISK MANAGEMENT:

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The OCC and the District manage this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 11 – CONTINGENCIES:

As of June 30, 2022, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 12 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the District's own assumptions in determining the fair value of investments).

The District's financial instruments include cash and cash equivalents, CDs, receivables, and payables. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through December 1, 2022 the date which the financial statements were available to be issued.